



General Assembly

February Session, 2000

Raised Bill No. 531

LCO No. 1980

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

An Act Concerning Authority Of The Treasurer To Direct Debt Reduction Payments.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Subsection (a) of section 4-30a of the general statutes is repealed and
2 the following is substituted in lieu thereof:

3 (a) After the accounts for the General Fund have been closed for the
4 fiscal year ending June 30, 2000, and each fiscal year thereafter and the
5 Comptroller has determined the amount of unappropriated surplus in
6 said fund, after any amounts required by provision of law to be
7 transferred for other purposes have been deducted, the amount of such
8 surplus shall be transferred by the State Treasurer to a special fund to
9 be known as the Budget Reserve Fund. When the amount in said fund
10 equals five per cent of the net General Fund appropriations for the
11 fiscal year in progress, no further transfers shall be made by the
12 Treasurer to said fund and the amount of such surplus in excess of that
13 transferred to said fund shall be deemed to be appropriated for, as the
14 Treasurer shall deem in the best interests of the state: (1) Transfer to
15 the State Employees Retirement Fund, in addition to the contributions
16 required pursuant to section 5-156a; [, but not exceeding five per cent

17 of the unfunded past service liability of the system as set forth in the
18 most recent actuarial valuation certified by the Retirement
19 Commission. Such surplus in excess of the amounts transferred to the
20 Budget Reserve Fund and the state employees retirement system shall
21 be deemed to be appropriated for: (1) Redeeming] (2) redeeming prior
22 to maturity any outstanding indebtedness of the state selected by the
23 Treasurer in the best interests of the state; [(2)] (3) purchasing
24 outstanding indebtedness of the state in the open market at such prices
25 and on such terms and conditions as the Treasurer shall determine to
26 be in the best interests of the state for the purpose of extinguishing or
27 defeasing such debt; [(3)] (4) providing for the defeasance of any
28 outstanding indebtedness of the state selected by the Treasurer in the
29 best interests of the state by irrevocably placing with an escrow agent
30 in trust an amount to be used solely for, and sufficient to satisfy,
31 scheduled payments of both interest and principal on such
32 indebtedness; or [(4)] (5) any combination of these methods. Pending
33 the use or application of such amount for the payment of interest and
34 principal on outstanding indebtedness, such amount may be invested
35 in (A) direct obligations of the United States government, including
36 state and local government treasury securities that the United States
37 Treasury issues specifically to provide state and local governments
38 with required cash flows at yields that do not exceed Internal Revenue
39 Service arbitrage limits, (B) obligations guaranteed by the United
40 States government, and (C) securities backed by United States
41 government obligations as collateral and for which interest and
42 principal payments on the collateral generally flow immediately
43 through to the security holder.

Statement of Purpose:

To allow use of unappropriated surplus, after transfer of required amounts to the budget reserve fund, for either reducing bonded indebtedness, paying down state employee pension fund liability, or both.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]